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6/22/95

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REPORTS OF DIVISION OF GAMING ENFORCEMENT
ON THE APPLICATION OF TRUMP TAJ MAHAL ASSOCIATES
FOR RENEWAL OF A CASINO LICENSE (PRN 003501)
AND THE FINANCIAL STABILITY OF
DONALD J. TRUMP

FINANCIAL STABILITY
OF
DONALD J. TRUMP

Trenton, New Jersey
March 1, 1995

REDACTED

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I. Introduction

This report addresses the financial stability of Donald J. Trump ("DJT"). DJT is a qualifier of Trump Taj Mahal Associates ("TTMA"), whose current casino license expires March 31, 1995 and whose license renewal hearing is scheduled for March 22, 1995. DJT is also a qualifier with respect to casino licensees Trump's Castle Associates ("TCA") and Trump Plaza Associates ("TPA"). The license expiration dates for TCA and TPA are, respectively, May 31, 1995 and June 30, 1995. TCA's license renewal hearing is scheduled for May 17, 1995 and the hearing for TPA is set for June 14, 1995.

Although there is no added significance under the Casino Control Act ("Act"), it is fair to state that DJT is a significant qualifier in that his financial affairs affect TTMA, TCA and TPA probably like no other qualifier's affairs affect any other casino licensee. Thus, DJT's financial stability has been and continues to be of keen interest to the Division and Commission in connection with the licensing of the three casinos bearing his name. Indeed, in a ruling concerning the petition of TCA with respect to the issuance and exchange of certain securities (Resolution No. 93-24-30, PRN 301301), the Commission specifically required that DJT's qualifications be reviewed prior to May 31, 1994. That timetable was postponed by the Commission but DJT's qualifications were again specifically required to be reviewed by June 15, 1994 in conjunction with the review of a planned recapitalization of TTMA (Resolution No. 94-9-11, PRN 119401). The latter too was postponed

to TTMA's within casino license renewal hearing because the recapitalization of TTMA did not proceed as planned (Resolution No. 94-16-13).

As discussed in the prehearing conference held on January 26, 1995 concerning TTMA's renewal hearing, DJT has important financial obligations that will become due by June 30, 1995 which, if not addressed, would significantly impact DJT and the licenseability of TTMA, TCA and TPA.

Thus, our filing herein is necessarily limited to DJT's current financial position and does not attempt to review his financial stability beyond June 30, 1995 because detailed plans addressing these obligations, when made available, will probably present a very different financial picture of DJT at that time.

We anticipate conducting a more comprehensive review of DJT as details of a plan or plans addressing these obligations are made available, or by June 30, 1995, or part of TPA's license renewal

hearing on June 14, 1995, or as may be directed by the Commission. In this regard, and as noted at the conclusion of this report and in our separately-filed Report on the Suitability of Trump Taj Mahal Associates for Relicensure, we recommend, in order to maintain the status quo until a more comprehensive and meaningful review of DJT is possible, reimposition of the financial reporting conditions, as modified, imposed on DJT and affiliated entities and which are set forth in conditions 5, 6, 7, 8, 9 and 10 in TTMA's current license resolution (#93-74). Additionally, we recommend that DJT's credentials again be reviewed prior to June 30, 1995 and that he should provide bi-weekly written status reports on efforts to restructure his obligations maturing on or before June 30, 1995 instead of monthly.

II. Cash Flow

A. Historical

On February 1, 1993, the Trump Organization submitted to the Commission and the Division monthly forecasted cash flows for the 30-month period from January 1, 1993 through June 30, 1995. In accordance with certain license conditions of the Commission, DJT was required to provide the Commission and the Division with a monthly analysis of any variances between his cash position and the amounts that had been forecasted on February 1, 1993. DJT's cash position as of December 31, 1993 is summarized below.

In 1993, DJT's year-end cash balance amounted to [REDACTED] or [REDACTED] on a cumulative basis than forecasted. Principally, DJT had anticipated receiving [REDACTED] from the sale of property in connection with the Trump West Realty Corporation (Wilshire) that did not occur. Further, DJT's actual personal and household expenses [REDACTED] forecasts by [REDACTED] and his personal legal/business and charitable expenses [REDACTED] forecasts by [REDACTED]. In June 1993, when TPA restructured, a portion of the proceeds were distributed to DJT and he received \$4.0 million, [REDACTED] of which he used to satisfy delinquent real estate taxes concerning the Penn Yards project and \$1.9 million of which was expended on the Penthouse project. In August 1993, TPA assumed the \$260,000 monthly lease of the Penthouse site, further reducing the burden to DJT. In October 1993, DJT received \$1.6 million in escrowed funds based upon the above TPA lease assumption. In December 1993, following the consummation of TCA's restructuring, DJT received \$1.0 million from the return of escrowed funds from Midlantic Bank.

On May 17, 1994, as part of the required monthly filings, the Trump Organization submitted to the Commission and the Division new monthly forecasted cash flows for the 14-month period May 1, 1994 through June 30, 1995. His cash position as of December 31, 1994 is summarized below.

On December 31, 1994, DJT's year-end cash balance amounted to [REDACTED] or [REDACTED] than forecasted over the two-year period. This [REDACTED] occurred notwithstanding his receipt of [REDACTED] in salaries, fees, and [REDACTED] in 1994 ([REDACTED] more than forecasted) and [REDACTED] in an unforecasted tax refund relating to the Trump Regency. However, [REDACTED] in legal/business, personal and household expenses were dispersed by DJT in 1994. Another [REDACTED] in expenses was spent on the L-1011 and Boeing 727 aircrafts, most of which were not forecasted, and the balance was utilized to reduce and/or eliminate certain outstanding real estate tax obligations and bank loans.

B. Projected

On February 3, 1995, the Trump Organization submitted to the Division new monthly forecasted cash flows for the six-month period January 1995 through June 1995. From this forecast, DJT's personal account is expected to [REDACTED] from [REDACTED] on January 1, 1995 to [REDACTED] as of June 30, 1995.

This forecast indicates that Mr. Trump received a loan [REDACTED] [REDACTED] in January 1995 and that he is expected to mortgage his Triplex located in Trump Tower in the amount of [REDACTED] in April 1995. Further, monthly management fees of \$125,000 from TCA are projected. In

February 1995, DJT paid Chase Manhattan Bank [REDACTED] towards the balance of his note in the original amount of [REDACTED] originally secured by the Penn Yards and now secured by a junior lien on Trump Tower. Management estimates that DJT's cash balance will amount to [REDACTED] on June 30, 1995.

III. Assets

A. Atlantic City Casino Assets

The following table reflects DJT's Atlantic City casino assets:

Trump's Atlantic City Casino Assets

September 30, 1994

(\$ in millions)

Plaza Land	\$ [REDACTED]
Trump Plaza Hotel and Casino	[REDACTED]
Trump's Castle Hotel and Casino	[REDACTED]
Trump Taj Mahal Hotel and Casino	[REDACTED]

[REDACTED]

B. Non-Casino Assets

The following schedule reflects DJT's non-casino assets as of September 30, 1994, as reported by Trump management and [REDACTED]

DJT's Non-Casino Assets

September 30, 1994

(\$ in millions)

Cash (1/1/95)	\$ [REDACTED]
Real Property	[REDACTED]
Mar-a-Lago	[REDACTED]
Triplex (Residence)	[REDACTED]
Telluride, Colorado, Land	[REDACTED]
L-1011 Aircraft	[REDACTED]
Palm Beach/Woodbridge	[REDACTED]
Palm Beach/South Ocean	[REDACTED]
Trump Tower Apts.	[REDACTED]
Plaza Hotel, NY	[REDACTED]
Trump Tower, NY	[REDACTED]
Trump Wilshire	[REDACTED]
Penn Yards	[REDACTED]
[REDACTED] Real Estate Interest	[REDACTED]
Total	[REDACTED]

It should be noted that the value assigned to Penn Yards is management's estimate at the completion of the project.

Of the above, it should be noted that the following assets were acquired since 1993: Telluride, Colorado, Land; Palm Beach/Woodbridge; and, Palm Beach/South Ocean. Further, the following also have been acquired since 1993 but no values have been assigned by the Trump organization: Empire State Building (50%); rights to develop David's Island; rights to develop Gulf and Western Building; and, Bridgeport, Connecticut.

IV. Potential Projects

A. David's Island

On October 18, 1994, the City Council of New Rochelle, New York, granted the Trump Organization a 14-month exclusive period to investigate the development potential of David's Island in Long Island Sound. The agreement was conditioned upon the payment of [REDACTED] of which is refundable) by the Trump Organization. If a land disposition agreement is reached with the City, the [REDACTED] payment will be credited against the purchase price. Further, DJT agreed to pay up to [REDACTED] for any reasonable and necessary legal, planning, consulting, environmental, engineering and other professional fees by the City.

B. Trump Regency

On December 17, 1993, DJT entered into an option agreement through June 30, 1994 whereby DJT could purchase the Trump Regency in Atlantic City from Chemical Bank and its wholly-owned subsidiary, ACFH, Inc. ("ACFH"), for an aggregate purchase price of \$80 million ("Regency Option Agreement") in return for paying \$1,250,000 in option payments. In accordance with the Regency Option Agreement, DJT would have the right to repurchase all of the assets of the Regency along with five promissory note obligations of DJT to Chemical Bank secured by certain New York real estate. Under a related transaction, DJT would attempt to acquire the West

Hall of the Atlantic City Convention Center from the New Jersey Sports and Exposition Authority.

On December 17, 1993, DJT agreed that if he was able to acquire the Regency pursuant to the Option Agreement, he would make the Regency available for the sole benefit of TPA. On January 5, 1994, the Commission approved TPA's payment of the \$1,250,000 option payments to Chemical Bank.

Subsequently, the Regency Option Agreement was amended ("Amended Regency Option Agreement") to provide for two distinct options. It provides that DJT can acquire the Regency and the Hyatt Note (\$35.9 million), a personal debt, for \$60 million through September 30, 1994 ("Regency First Option") and four other notes, also personal debts, totalling approximately \$30 million for \$20 million through May 31, 1995 ("Regency Second Option"). The Regency Second Option cannot be exercised prior to the exercise of the Regency First Option. On November 14, 1994, the Commission approved payment by TPA of \$150,000 which extended the Amended Regency Option Agreement until December 31, 1994. On December 14, 1994, the Commission approved additional payments of \$450,000 which extended the Amended Regency Option Agreement through March 31, 1995.

[REDACTED]

[REDACTED]

C. Gary, Indiana

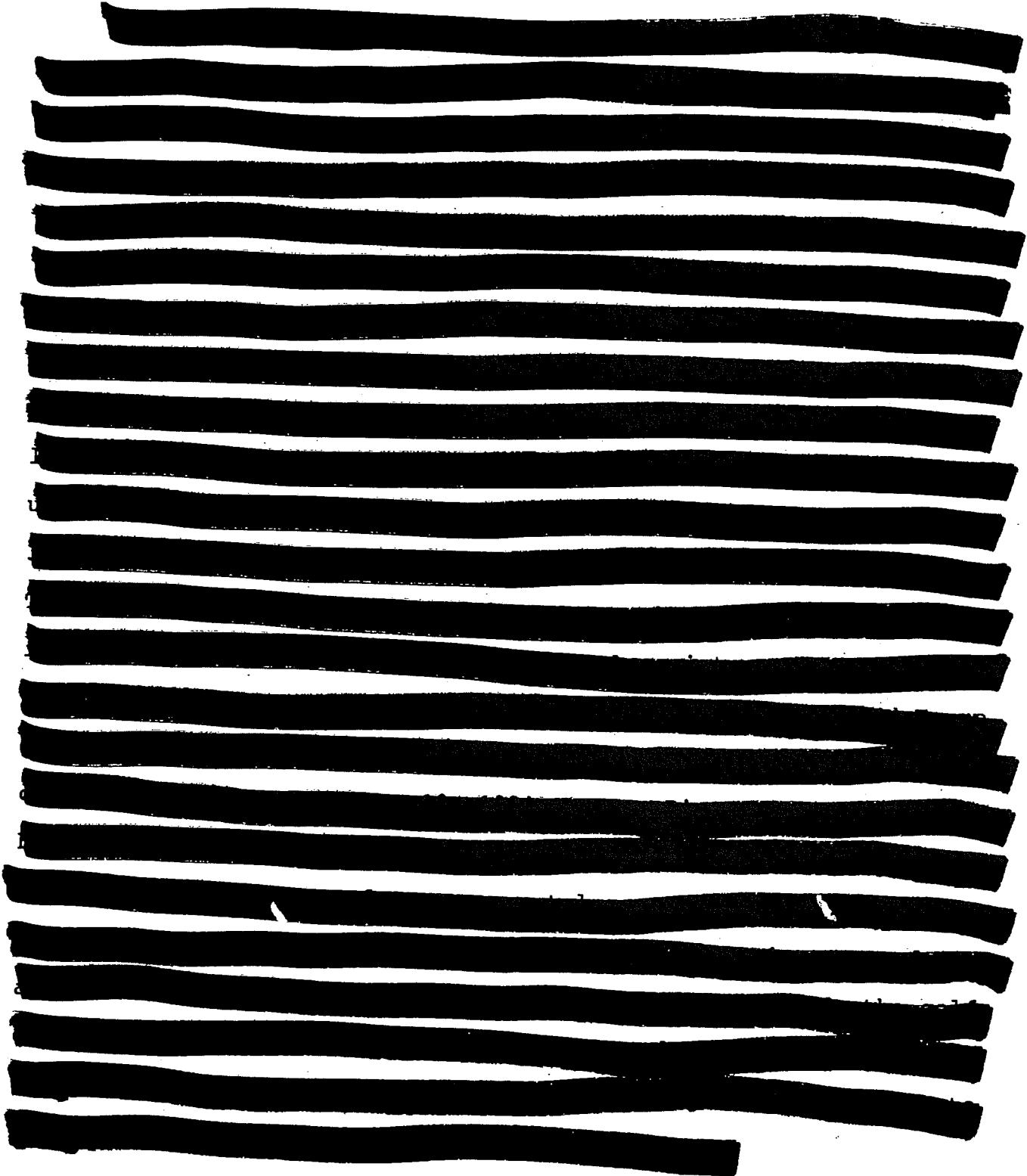
On December 9, 1994, the Indiana Gaming Commission awarded DJT a riverboat casino license to operate in Gary, Indiana. The license was issued to a DJT subsidiary, Trump Hotel and Casinos Resorts, Inc. ("THCRI"). Further, the license requires as a condition thereof that DJT agrees to comply with the project representations, guarantees and promises as set forth in the application and DJT has 12 months from December 9, 1994 to commence riverboat excursions or his certificate of suitability may be revoked. This Trump project contemplates a ship containing [REDACTED] square feet of casino space with a capacity of [REDACTED] passengers and employing [REDACTED] people. See immediately below. Further, there is to be a [REDACTED] hotel, dockside marina terminal and surface parking. The Trump Organization estimates start-up-costs associated with the project to amount to [REDACTED]
[REDACTED]

D. Riverboat Purchase

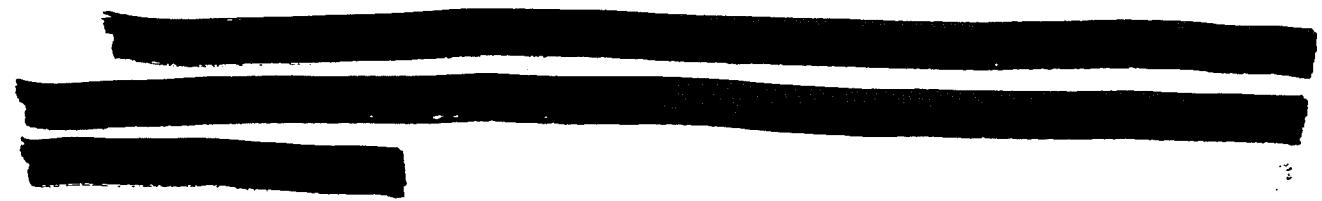
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

E. St. Charles, Missouri

F. Diamondhead, Mississippi



G. Philadelphia, Pennsylvania



A stack of ten thick, horizontal black bars, likely representing redacted text or sensitive information.

H. Gulf and Western Building

On April 1, 1994, a general partnership was formed between Galbreath Columbus Circle Development Associates and Trump Central Park West Corp. (100% owned by DJT), each a [REDACTED] partner, under the name of One Central Park West Associates. The purpose of the partnership is the development, design, construction, management, financing, sales and lease of property located 15 Columbus Circle, New York City--the Gulf and Western Building--into a mixed use condominium.

Each partner has contributed [REDACTED] and no other capital contributions are expected. All management and other fees, payments, distributions and compensation is to be shared equally between the partners. The Gulf and Western Building is owned by an affiliate of GE Pension Trust.

V. Debt

A. Atlantic City Casino Debt

The following table reflects the total debt of the Atlantic City casinos in which DJT has an interest, as valued by the Trump Organization:

Atlantic City Casino Debt

September 30, 1994

(\$ in millions)

<u>Trump Taj Mahal Associates</u> ¹	<u>Amount</u>	<u>Recourse</u>	<u>Maturity</u>
Mortgage Bonds	\$765.1	No	11/99
National Westminster	45.5	No	11/99
First Fidelity	78.0 ²	Partial	11/99

Trump Plaza Associates

Mortgage Bonds	330.0	No	2001
Various Notes	6.3	No	2001
PIK Notes/Warrant	79.5	No	2003

Trump Castle Associates

Mortgage Notes	242.1	No	2003
Midlantic	38.0	No	2000
Senior Notes	27.0	No	2000
PIK Notes	<u>51.8</u>	No	2005
Total Casino Debt	<u>\$1,663.3</u>		

¹Donald Trump beneficially owns 50% interest.

²Trump Realty is responsible for the entire \$78 million with TTMA guaranteeing \$30 million and DJT guaranteeing \$19.1 million.

The above debt will be fully addressed when each of these Atlantic City casinos will be reviewed in 1995 in conjunction with the renewal of their licenses.

B. Non-Casino Debt

The following table reflects DJT's non-casino debt, as valued by the Trump Organization:

Non-Casino Debt

September 30, 1994

(\$ in millions)

<u>Asset</u>	<u>Amount</u>	<u>Maturity</u>	<u>Lender</u>	<u>Recourse</u>
Plaza Hotel NY	[REDACTED]			
Trump Tower 1st Mortgage	[REDACTED]			
Junior Lien	[REDACTED]			
Chase Credit Line	[REDACTED]			
Credit and Override	[REDACTED]			
Tranche A	[REDACTED]			
Tranche B	[REDACTED]			
Mar-a-Lago	[REDACTED]			
Palm Beach/Woodbridge	[REDACTED]			
Palm Beach/South Ocean	[REDACTED]			
TPMC-Puma Lease (CWI)	[REDACTED]			
Boeing 727 Aircraft	[REDACTED]			
L-1011 Aircraft	[REDACTED]			
Empire State Partners	[REDACTED]			
Telluride, Colorado, Land	[REDACTED]			
Trump Seashore	[REDACTED]			
Seashore Four	[REDACTED]			
Trump Wilshire	[REDACTED]			
Deficiency Claims	[REDACTED]			
Other	[REDACTED]			
Total Non-Casino Debt	[REDACTED]			

We emphasize that, listed in the table above, the following debt matures prior to June 30, 1995: Deficiency claims totalling [REDACTED] and Trump Seashore in the amount of [REDACTED]. Also, the Regency Options in the amount of \$80.0 million are due May 31, 1995.

C. Donald J. Trump Debt

A review of the above non-casino debt indicates that DJT is personally responsible for or guarantees the following debt:

<u>DJT Debt</u>	
September 30, 1994	
(\$ in million)	
Chase Manhattan Bank	\$ [REDACTED]
Tranche B Loan	[REDACTED]
Palm Beach/Woodbridge	[REDACTED]
Palm Beach/South Ocean	[REDACTED]
Telluride, Colorado, Land	[REDACTED]
[REDACTED] Loans	[REDACTED]
L-1011 Aircraft	[REDACTED]
Deficiency Claims	[REDACTED]
Total	[REDACTED]

The following non-casino debt was omitted from the above schedule by the Trump Organization but it is noted nonetheless:

Debt Pending Resolution

September 30, 1994

(\$ in millions)

<u>Institution</u>	<u>Amount</u>	<u>Asset</u>
Chemical	\$ [REDACTED]	Grand Hyatt
Citibank	[REDACTED]	Trump Palace Condos
Chemical	[REDACTED]	100 Central Park South and Trump Plaza Coops
Bankers Trust	[REDACTED]	Trump Parc Condos
NatWest Deficiency Claim	[REDACTED]	--
Total	[REDACTED]	

We are advised that the Trump Organization omitted the above items from DJT's list of liabilities because management assumed these transactions as completed and they will be finalized in fiscal 1995. Information concerning these items is noted below.

With regard to the Chemical \$35.9 million debt regarding the Grand Hyatt, it should be noted that, should DJT exercise his option to buy the Trump Regency, this loan would be released.

With respect to the Trump Palace Condominiums, as of September 30, 1994, [REDACTED] residential units and [REDACTED] storage units remain unsold. The company had obtained a land acquisition and construction loan of which DJT personally guaranteed up to [REDACTED] of the interest charges on the loan. It is expected that DJT's personal

guarantee will be released when all the units in 100 Central Park South, Trump Parc and Trump Palace are sold.

DJT's interest in New York's Trump Plaza Cooperatives, consisting of [REDACTED] unsold cooperative units and the garage, commercial space and two townhouses, have been pledged as collateral with respect to the above-noted [REDACTED] loan with Chemical Bank.

DJT's equity in the apartment building located 100 Central Park South and the retail space of Trump Parc Condominiums have been pledged as collateral for two loans totalling [REDACTED] with Chemical Bank and a [REDACTED] loan personally guaranteed by DJT. Further, DJT's equity in the unsold condominiums and commercial units have been pledged with respect to a [REDACTED] personal guarantee to Citibank on the Trump Palace Condominiums.

As to the [REDACTED] deficiency claim due NatWest, it is anticipated by DJT that it will be forgiven upon the satisfaction of the Tranche B loan.

D. Deficiency Claims

DJT is personally responsible to various lending institutions for certain "deficiency claims." These claims were the result of

the various bank restructurings that have occurred in the past. The following claims must be resolved or extended by June 1995:

Deficiency Claims

September 30, 1994

(\$ in millions)

Bankers Trust Company	\$ [REDACTED]
First Fidelity Bank	[REDACTED]
Citibank	[REDACTED]
Chemical Bank	[REDACTED]
Total Deficiency Claims	[REDACTED]

Should the Regency Second Option be exercised, as noted above, the \$10 million deficiency claim due Chemical Bank would be forgiven.

E. Credit and Override Agreement

On August 22, 1990, DJT consummated Credit and Override Agreements with various banks which provided him with a [REDACTED] credit facility. On June 25, 1993, as part of the TPA restructuring, a significant portion of the Credit and Override facility was repaid. As of September 30, 1994, [REDACTED] was outstanding. The [REDACTED] reflects the combined balances of the Tranche A [REDACTED] and Tranche B [REDACTED] loans.

1. Tranche A Loan

Various banks have agreed as part of the amended June 17, 1993 Credit and Override Agreement to accept the proceeds of the sale of three units located in Trump Tower as settlement on the [REDACTED] Tranche A loan balance. As of this writing, these units have neither been sold nor transferred.

2. Tranche B Loan

On September 27, 1994, DJT entered into an agreement to satisfy the [REDACTED] Tranche B loan with National Westminster Bank whereby Mr. Trump agreed to use [REDACTED] of a Trump Regency real estate tax refund on the above date plus [REDACTED] on January 15, 1995 to buy down the loan. Further, commencing October 1, 1994, DJT agreed to pay National Westminster Bank [REDACTED] monthly payments of [REDACTED] each [REDACTED]. Upon the payment of all the above, the bank agreed to forgive DJT the remaining [REDACTED] due plus forgive him the [REDACTED] deficiency claim due the bank. As of September 30, 1994 the loan balance amounted to [REDACTED]

F. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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VI. Particular Items

A. Plaza Hotel, NY

On November 2, 1992, Plaza Operating Partners, Ltd. ("Plaza Partners"), which owns and operates the Plaza Hotel in New York, filed a plan of reorganization in the United States Bankruptcy Court for the Southern District of New York which became effective on January 22, 1993. Under the plan, DJT transferred certain partnership interests to certain junior lenders who then became the sole general partner and owners of [REDACTED] of the reorganized debtor. In return, the junior lenders released DJT from any personal claims stemming from a [REDACTED] junior lien. DJT remains the owner of [REDACTED] of the reorganized debtor but his interest is now that of a limited partner. A DJT-controlled entity affiliated with Plaza Partners, POP Management, Inc., has a management agreement with the Plaza Hotel. Further, the [REDACTED] Trump Shuttle loan which had been personally guaranteed by DJT and cross-collateralized with the Plaza Hotel was released when the Shuttle was sold.

The senior lenders restructured the terms of the mortgage by lowering the interest payments and providing for extensions of the maturity date of the loan. Initially, the due date of the amended senior note was extended to March 31, 1994. Because 1993 gross operating profit ("GOP") exceeded [REDACTED] an additional 12-month extension, until March 31, 1995, was granted. If the GOP for fiscal 1994 exceeds [REDACTED] an additional 9-month extension

will be granted to December 31, 1995. The Trump Organization has indicated that the 1994 GOP is expected to exceed the [REDACTED] GOP required for the extension.

The amended senior note is secured by the amended senior mortgage that grants the senior lenders a first priority lien on the Plaza Hotel and all other assets of the reorganized debtor. The mortgage balance as of December 31, 1994, amounted to [REDACTED]

[REDACTED] Payment of interest only is due on the loan until maturity.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

B. Grand Hyatt

DJT holds a 50% general partnership interest in the Grand Hyatt Hotel in New York City. DJT's equity in the property has been pledged to secure a \$35.9 million loan payable to Chemical Bank. As noted above under the Regency First Option, he currently

has an agreement with that bank that would satisfy the above loan if he purchases the Trump Regency for \$60 million.

C. Mar-a-Lago

In September 1988, DJT purchased a residential estate, commonly known as Mar-a-Lago, at 1100 South Ocean Boulevard, Palm Beach, Florida. At that time, Boston Safe Deposit and Trust Company ("Boston Safe") loaned DJT [REDACTED] secured by a first mortgage lien on the property ("Boston Safe Loan"). The Boston Safe Loan was due to mature on December 30, 1993.

On October 16, 1992, DJT paid Boston Safe [REDACTED] which was the October 1, 1992 interest payment on the loan and DJT and Boston Safe executed an agreement whereby Boston Safe would forbear from enforcing a foreclosure in connection with its loan until December 10, 1993 ("Boston Safe Agreement"). Under the terms of the Boston Safe Agreement, DJT would pay monthly interest payments of [REDACTED] plus an additional monthly amount of [REDACTED] beginning November 1, 1992, through December 1, 1993. The additional payments would fully amortize the [REDACTED] of remaining delinquent payments, which were those due under the terms of the Boston Safe Loan from March 1, 1992 through September 1, 1992. Additionally, the Boston Safe Agreement provided for an extension of maturity to December 1995 at DJT's request provided certain conditions were met. Monthly interest payments of [REDACTED] continue until maturity.

On or about August 10, 1993, DJT entered into a declaration of use agreement ("Palm Beach Agreement") with the town of Palm Beach, Florida, and The Mar-a-Lago Club, Inc. ("Club") to convert Mar-a-Lago from a private family residence into a private social club. The Palm Beach Agreement required DJT to convey ownership of Mar-a-Lago to the Club. By letter dated August 16, 1993, DJT requested Boston Safe to execute the Palm Beach Agreement as evidence of its consent to the terms and conditions thereof. However, by letter dated September 15, 1993, Boston Safe declined to do so.

In December 1993, DJT elected to exercise his option to extend the Boston Safe Agreement to December 30, 1995. Boston Safe executed the documents to this effect ("Boston Safe Loan Extension") and, according to the Trump Organization, this agreement can be extended further to December 30, 1997.

On or about March 18, 1994, Boston Safe filed a complaint for declaratory relief in the Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida, seeking a declaratory ruling that it has no legal obligation to provide its consent to the Palm Beach Agreement. Moreover, according to Boston Safe, once the Boston Safe Loan Extension was executed, DJT had, in accordance with the terms of the Boston Safe Agreement, released Boston Safe from any and all claims, counterclaims, defenses and causes of action which DJT might have related to or in any way

arising out of his relationship with Boston Safe.

D. Penn Yards

On December 19, 1992, the City Council of New York gave its approval for development of 76 acres of land on the west side of Manhattan by Penn Yards Associates ("Penn Yards"). As of September 30, 1992, the outstanding principal balance on loans due on the property amounted to [REDACTED] in addition to [REDACTED] in deferred interest. Further, delinquent real estate taxes were addressed by an "in rem" agreement with the City of New York executed on February 14, 1994. At that point in time, real estate taxes due January 1993, July 1993 and January 1994 totalling [REDACTED] were in arrears. Further, approximately [REDACTED] of the proceeds received by TPA in conjunction with its recapitalization in June 1993 had been utilized to pay a portion of the delinquent property taxes.

On July 1, 1994 an agreement was reached between DJT and New World Holding relative to the Penn Yards project. Through the payment of [REDACTED], New World satisfied the [REDACTED] first mortgage held by Chase Manhattan Bank, accrued interest thereon and the then [REDACTED] in delinquent real estate taxes. Further, DJT was released from the [REDACTED] personal loan guarantee with Chase. The agreement permits DJT to retain [REDACTED] equity in the

property and to function as project manager and receive [REDACTED] of the management fees for approximately [REDACTED] per year. The remaining [REDACTED] due Chase Manhattan Bank from the second mortgage remains as a junior lien on the Trump Tower in accordance with the August 1990 Credit and Override Agreement.

In December 1994, DJT paid [REDACTED] from his [REDACTED] TPA construction management fee as a partial payment towards the [REDACTED] Chase loan and Chase agreed to further reduce same to [REDACTED]

On December 29, 1994, DJT and Chase Manhattan Bank entered into an agreement whereby Chase agreed to forgive the interest on the [REDACTED] loan (December 29, 1994 balance of [REDACTED]) through December 31, 1994 and extend the maturity date to December 31, 1997. DJT agreed to reduce the loan balance to [REDACTED] through a [REDACTED] payment in January 1995. Further, Chase agreed to reduce the outstanding [REDACTED] note balance to [REDACTED] and to forgive the unpaid interest through December 31, 1994. Also the interest rate was modified and the maturity extended to December 31, 1997. On February 1, 1995 DJT paid Chase the [REDACTED] payment.

E. L-1011 Aircraft

On December 9, 1993 DJT purchased a Lockheed Model L-1011-50 aircraft for [REDACTED]. DJT formed a new corporation, Ultimate Air, and transferred the plane to that company. The plane was purchased through a [REDACTED] downpayment with the balance of [REDACTED] financed from the sellers, Royal Bank of Canada. The loan is to be paid in 12 quarterly payments of [REDACTED] each on the fifteenth of each January, April, July and August. Final payment is due on October 15, 1996. DJT personally guaranteed the loan. The balance as of September 30, 1994 amounted to [REDACTED]

Although originally intended to be used as a company plane, the L-1011 is currently not in use and is located in Nevada.

F. Boeing 727 Aircraft

On January 17, 1994, the Trump Organization executed an agreement for the lease/purchase of a Boeing 727 airplane for [REDACTED]. This airplane had been previously owned by DJT and sold in 1991 for [REDACTED]. Since that time, the plane has been refitted and was recently sold to Gulf Stream Aerospace Corporation. Gulf Stream sold the aircraft to Atel Financial Corporation and Atel then leased the plane to a DJT-controlled company, DJ Aerospace Ltd. A three-year lease commenced June 1, 1994 and requires monthly payments of [REDACTED] At the end of the

lease, DJT can renew the aircraft lease for an additional two years at [REDACTED] per month.

DJT utilizes the plane for personal and business purposes.

G. Palm Beach/South Ocean

On November 2, 1993, DJT acquired residential property located 1094 South Ocean Boulevard, Palm Beach, Florida, for [REDACTED]. Funds to purchase the above property were borrowed from his father via a promissory note dated October 28, 1993 for [REDACTED] at [REDACTED] interest. [REDACTED]
[REDACTED]
[REDACTED]

[REDACTED] In 1994, DJT mortgaged the above property with Merrill Lynch in the amount of [REDACTED]. See Palm Beach/Woodbridge, below.

H. Palm Beach/Woodbridge

On December 17, 1993, DJT acquired residential property at 124 Woodbridge Road, Palm Beach, Florida for [REDACTED]. The property is adjacent to DJT's above-described South Ocean Boulevard property. DJT contributed [REDACTED] of the funds at closing and financed [REDACTED] with Merrill Lynch Credit Corporation, Jacksonville, Florida.

It should be noted that both the Palm Beach/South Ocean and Palm Beach/Woodbridge properties are adjacent to Mar-a-Lago [REDACTED]

[REDACTED]

[REDACTED]

I. Telluride, Colorado, Land

On January 17, 1994, DJT entered into an agreement to purchase land located Telluride Mountain Village, Telluride, Colorado, for [REDACTED]

DJT made a down payment in the amount of [REDACTED] and executed three promissory notes with the Telluride Company totalling [REDACTED]. The notes call for three equal annual principal payments plus accrued interest at [REDACTED] commencing on the one-year anniversary date.

J. Trump Tower, NY

On February 5, 1986, DJT acquired 100% interest in 725 Fifth Avenue, site of Trump Tower. In 1993, he refinanced the [REDACTED] mortgage thereon. The mortgage balance on September 30, 1994, was [REDACTED] and maturity has been extended to May 1, 1996.

K. Trump Wilshire

Trump Wilshire Associates ("Trump Wilshire"), a California partnership, owns 23.5 acres of land in Los Angeles, California. Trump West Realty Corporation ("West Realty"), which is wholly owned by DJT, owns [REDACTED] of and manages Trump Wilshire. Wilshire Center partners ("Wilshire Partners") owns [REDACTED] of Trump Wilshire.

On July 14, 1990, the Los Angeles Unified School District filed an action condemning 17 of the 23.5 acres. On January 14, 1992, [REDACTED] was deposited into a trust account by the School District and accepted by Trump Wilshire which satisfied the outstanding mortgage plus accrued interest. Thereafter, Trump Wilshire sought additional compensation and severance damages believing the above-noted deposit received was less than fair market value. On November 10, 1993, the School District sought to dismiss the condemnation and Trump Wilshire moved to set aside the abandonment. Judgement was entered on February 17, 1994 confirming the abandonment by dismissing the eminent domain proceeding and awarding the School District the deposit amount less litigation expenses and statutory damages. Trump Wilshire was to issue to the School District a note for the judgement amount secured by a deed of trust on the property as a condition precedent to any stay of execution. A stay was sought by Trump Wilshire but, on May 11, 1994, the parties agreed to remove the motion from the court calendar, preserve Trump Wilshire's right to seek a stay and

suspend action by the School District to execute on the judgement pending other actions. Trump Wilshire has also agreed to pay Wilshire Partners approximately [REDACTED] when the deposit is repaid to the School District if the judgement is confirmed on appeal. Trump Wilshire issued a non-negotiated note secured by a deed of trust on its realty to Wilshire Partners for this amount.

DJT lists in his statement of financial condition the estimated fair market value of his share of the remaining post condemnation property of approximately 6 acres at [REDACTED]

L. TPMC - Puma Lease (CIT)

In 1990, Trump Air, which was wholly owned by DJT, borrowed [REDACTED] from CIT to purchase various helicopters. In March 1992, ownership of the helicopters was transferred to CIT and a 12-year [REDACTED] leaseback arrangement was entered into leasing the helicopters to Trump Air. Payment in accordance with the terms would release Trump from his [REDACTED] guarantee. As of September 30, 1994, Trump's guarantee had been reduced to [REDACTED]
[REDACTED]

M. Trump Empire State Partners

On June 28, 1994, DJT, through his wholly-owned corporation, Trump Empire State, Inc. ("TESI"), and NS1999 American Company

("NSAC"), owner and landlord of the Empire State Building, formed Trump Empire State Partners ("TESP"). TESI will be the sole managing partner and, after NSAC recoups its initial capital contributions, each partner is to own a [REDACTED] interest in TESP. TESI is responsible for [REDACTED] in debt which is to be paid solely from long-term lease proceeds.

It should be noted that, on or about February 15, 1995, TESP reportedly filed a \$100 million lawsuit in New York State court to evict the building's management company, Empire State Building Company, and others contending violation of their lease obligations and allowing the structure to deteriorate.

N. Bridgeport, Connecticut

In December 1994, DJT, through a wholly owned corporation, MWJ Corporation, purchased property in Bridgeport, Connecticut for [REDACTED] Trump Management has stated that there are no definite plans with respect to this site.

O. Divorce Settlement

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

P. Personal Income Tax Obligations

As of December 31, 1993, DJT had a net operating loss ("NOL") carry forward of approximately [REDACTED]. As various lenders cancel all or part of DJT's debt, he may realize taxable gains. Management has represented that DJT's NOLs will be more than sufficient to satisfy all anticipated taxable gains.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

VII. License Conditions

As noted above in the Introduction, the Division intends to file a more comprehensive report on DJT's financial condition prior to June 30, 1995 or as may be directed by the Commission. Until that filing, which is predicated on DJT submitting detailed plans addressing at a minimum his short-term maturing obligations, the Division recommends that the financial reporting conditions

presently imposed on DJT and affiliated entities, set forth in conditions 5, 6, 7, 8, 9, 10 in TTMA's Resolution No. 93-74 dated March 15, 1993, be reimposed as modified and as made clear in the Division's Report on the Suitability of TTMA for Relicensure. The Division further recommends that TTMA's license be conditioned on there being a review of DJT's credentials prior to June 30, 1995.

VIII. Conclusion

A limited review and analysis of DJT and the various Trump entities was prepared updating Mr. Trump's financial condition. Information concerning assets and liabilities were brought current, thus updating the March 1, 1993 Report of the Division with respect to the Financial Stability of DJT.

DJT continues to restructure his personal debt and that of his organization and he has been able to reduce that debt. However, significant obligations and options remain and mature by June 30, 1995. During the two-year period since the Division's prior report, DJT has been able to fund short-term obligations through the restructuring of the Trump Plaza Hotel and Casino, a tax refund relating to the Trump Regency and [REDACTED]

[REDACTED] During this time, DJT acquired a Lockheed L-1011 aircraft, two properties adjacent to Mar-a-Lago, land in Telluride, Colorado, and a [REDACTED] site in Bridgeport, Connecticut. DJT entered into partnership agreements to operate and develop the Penn

Yards project and Empire State Building. He has also received a 14-month exclusive period from the City of New Rochelle, New York to investigate the development potential of David's Island. Also, DJT received a casino license in Gary, Indiana. Lastly, he has an option to potentially expand his Atlantic City casino operations by reacquiring the Trump Regency.

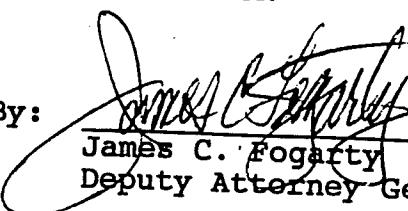
DJT has provided short-term cash flow forecasts through June 30, 1995 which indicate that after he obtains a [REDACTED] Triplex mortgage in April 1995, he would have sufficient flexibility to satisfy short-term obligations up to June 30, 1995. Further, DJT's lending institutions have been flexible in working with him to resolve his financial problems. Indeed, DJT has demonstrated an ability to successfully negotiate appropriate arrangements with his creditors when necessary.

Accordingly, the Division would not object to a finding that DJT is financially stable through June 30, 1995 provided that he submit bi-weekly status reports on efforts to restructure and that a more comprehensive review of his credentials be undertaken prior to June 30, 1995.

Respectfully submitted,

FRANK CATANIA
ACTING DIRECTOR

By:


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